GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:3922
ANSWERED ON:03.05.2007
SUB WHOLESALERS OF KEROSENE
Reddy Shri Karunakara G.

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Union Government has decided to introduce sub-wholesalers for kerosene ;

(b) if so, the details thereof ;

(c) whether any State Government has raised objection for this and requested to drop the proposed action ;

(d) if so, the reasons therefor ; and

(e) the action taken in this regard ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DINSHA PATEL)

(a) & (b) : The Government have approved an innovative pilot project for radically revamping the PDS kerosene distribution network with the primary objective of ensuring that this heavily subsidized product is actually made available in the required quantities at subsidized prices to the intended beneficiaries; and, secondly, to thus cap, reverse and eventually eliminate the diversion of PDS Kerosene for adulteration. The pilot project under the name of Jan Kerosene Pariyojana (JKP) was launched with effect from 2nd October, 2005 initially for a period of 6 months. Government has been reviewing the JKP from time to time and is taking necessary action to further streamline the system. The JKP pilot project has been launched in 414 blocks spread over 24 States in the country. The State Governments of Gujarat and Rajasthan have decided not to continue with implementation of JKP pilot project in 24 blocks and 13 blocks in the States with effect from 1.7.2006 and 1.10.2006 respectively.

Based on the Diagnostic Study conducted by National Council of Applied Economic Research (NCAER) and reviews taken by the Government, the pilot scheme was initially extended for 3 months up to 30th June 2006 and again up to 30th September 2006. It has now been further extended up to 30th June 2007.

This scheme provides, inter-alia, for setting up of 5-10 sub-wholesale points in each block between the wholesalers and retailers with a view to strengthening the distribution network.

(c) to (e) : Yes, Sir. Many of the State Governments preferred not to have the three-tier system for kerosene distribution as they felt that creation of sub-wholesalers would result in increase in retail selling price of Public Distribution System (PDS) Kerosene apart from making it difficult for their agencies to monitor the distribution system.

It was decided by the Ministry of Petroleum & Natural Gas that in the States where it was not possible to implement the three-tier structure, efforts for creating such structure may be abandoned and distribution of SKO may continue through the existing two-tier structure.